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Message Text

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ACTION NEA-10

INFO OCT-01 EA-10 ISO-00 AGR-01 DOE-15 SOE-02 AID-05
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00
ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02 LAB-04 SIL-01
OMB-01 NSC-05 SS-15 STR-07 CEA-01 /117 W
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R 170933Z APR 78
FM AMEMBASSY DACCA
TO SECSTATE WASHDC 8888
INFO AMEMBASSY TOKYO

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E.O. 11652: N/A
TAGS: EAID BG JA
SUBJECT: PRESIDENT ZIA'S VISIT TO JAPAN, APRIL 5-9, 1978

REF: TOKYO 06490

1. SUMMARY. PRESIDENT ZIA RAHMAN VISITED JAPAN IN SEARCH OF INCREASED JAPANESE AID, DEBT RELIEF, PRIVATE INVESTMENT AND EXPORT OPPORTUNITIES FOR BANGLADESH. HE RETURNED WITH GOJ PROMISES TO DOUBLE PROJECT AID TO BANGLADESH WITHIN FIVE YEARS AND TO CONSIDER SYMPATHETICALLY OTHER REQUESTS. THIS MESSAGE SUPLEMENTS EMBASSY TOKYO'S REPORT (REFTEL) ON ZIA VISIT WHICH JUST ARRIVED. END SUMMARY.

2. ZIA WAS ACCOMPANIED BY HIS ADVISER FOR FOREIGN AFFAIRS AND THE SECRETARIES FOR PLANNING (EXTERNAL RESOURCES) AND INDUSTRIES. TO UNDERSCORE HIS INTEREST IN JAPANESE PRIVATE INVESTMENT AND THE BDG'S POSITIVE APPROACH TO THE PRIVATESECTOR, HE ALSO TOOK ALONG SEVEN LEADING BANGLADESHI BUSINESSMEN, INCLUDING THE CHAIRMAN OF THE BANGLADESH FEDERATED CHAMBERS OF COMMERCE AND THE DACCA REPRESENTATIVES OF TOYOTA AND MITSUBISHI.
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3. DURING HIS FIVE-DAY VISIT, ZIA MET WITH PRIME MINISTER FUKUDA, EMPEROR HIROHITO AND JAPANESE BUSINESSMEN. HE VISITED A MITSUBISHI VEHICLE PLANT WHERE HE WAS GIVEN A CAR AND A AMBULANCE. AT ONE RECEPTION HE GREETED PASSENGERS WHO WERE HELD HOSTAGE IN DACCA LAST SEPTEMBER ON THE HIJACKED JAL AIRCRAFT.

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4. ACCORDING TO BDG SPOKESMEN AND THE JOINT COMMUNIQUE, THE GOJ RESPONDED TO ZIA'S APPEAL FOR MORE AID BY PROMISING TO "DOUBLE" ASSISTANCE WITHIN FIVE YEARS WITH PROJECT LOANS OF UP TO 10 BILLION YEN. (JAPAN'S PROJECT AID TO BANGLADESH IS CURRENTLY ABOUT 3 BILLION YEN ANNUALLY.)

5. THE NEW PROJECT AID WILL BE USED FOR PROJECTS TO BE IDENTIFIED BY JAPANESE ECONOMIC TEAMS THAT WILL VISIT BANGLADESH SOON. THE BANGLADESHIS EXPRESSED SPECIAL INTEREST IN AID FOR NATURAL GAS DEVELOPMENT, ROAD AND BRIDGE CONSTRUCTION, SHIPPING, FERTILIZER, FISHERIES AND POWER TRANSMISSION. AMONG THE TEN PROJECTS THEY SPECIFICALLY REQUESTED WERE BRIDGES ACROSS THE BURIGANGA, GUMTI AND MEGHNA RIVERS, MODERNIZATION OF THE CHITTAGONG STEEL WORKS AND A POWER LINE BETWEEN BHERAMARA AND GHORASAL AND A POPELINE BETWEEN THE BAKHRABAD GAS FIELD AND CHITTAGONG. (A GROUP FROM MITSUI HAS ALREADY ARRIVED IN DACCA TO SURVEY THIS PROJECT.).

6. AT A PRESS CONFERENCE APRIL 10 IN DACCA AFTER THE VISIT, PRESIDENTIAL ADVISER FOR FOREIGN AFFAIRS SHAMSUL HUQ SAID ZIA ASKED JAPAN TO WRITE OFF $362 MILLION IN PREVIOUS AID LOAND TO BANGLADESH AND THAT JAPAN AGREED TO "FAVORABLY CONSIDER" THIS.
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7. THE TWO GOVERNMENTS ALSO CONFIRMED THEIR PREVIOUS AGREEMENT TO HOLD DISCUSSIONS ON A CIVIL AVAIATION AGREEMENT TO PROVIDE DIRECT AIR LINKS BETWEEN BANGLADESH AND JAPAN.

8. BDG SPOKESMEN ALSO REPORTED THAT JAPAN HAD RESPONDED POSITIVELY TO ZIA'S REQUWST FOR GREATER EXPORTS FROM BANGLADESH TO JAPAN TO CORRECT THE CURRENT IMBALANCE.

9. TO REINFORCE ECONOMIC TIES AND IMPLEMENT NEW PLANS, THE TWO GOVERNMENTS AGREED TO ESTABLISH A JOINT ECONOMIC COMMISSION REPRESENTING PUBLIC AND PRIVATE GROUPS IN BOTH COUNTRIES. A JOINT JAPAN-BANGLADESH CHAMBER OF COMMERCE WILL ALSO BE ESTABLISHED WITH OFFICES IN BOTH COUNTRIES.

10. PRESIDENT ZIA AND THE BUSINESSMEN WHO ACCOMPANIED HIM EMPHASIZED BANGLADESH'S KEEN DESIRE FOR JAPANESE PRIVATE INVESTMENT AND THE SAFEGUARDS AND FACILITIES OFFERED BY THE BDG. THE JAPANESE TEAM MET WITH THE PRESIDENTS OF THE SIX LARGEST JAPANESE CORPORATIONS, AND REASSURED THEM THAT BANGLADESH HAD ABANDONED ITS

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FORMER POLICY OF NATIONALIZATION, WHICH HAS FRIGHTENED FOREIGN INVESTORS IN THE PAST. THE JOINT COMMUNIQUE ALSO REFERRED TO SECURITY FOR INVESTORS. IT NOTED THAT PRIME MINISTER FUKUDA APPRECIATED BANGLADESH'S EFFORTS TO IMPROVE THE INVESTMENT CLIMATE, AND EXPRESSED HOPE THAT THESE STEPS WOULD CONTINUE AND THAT JAPANESE IN-VESTORS IN BANGLADESH WOULD RECEIVE THE NECESSARY FACILITIES AND GUARANTEES.

11. THE JAPANESE CHARGE IN DACCA HAS INFORMED US THAT THE GOJ COMMITMENT TO DOUBLE AID TO BANGLADESH IS ONLY AN AFFIRMATION OF JAPAN'S PREVIOUSLY ANNOUNCED COMMITMENT TO DOUBLE ITS OVERALL AID TO LDCS. HE STRESSED THAT JAPAN WILL ONLY AGREE TO PROJECTS WHICH MEET ITS FEASI-
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BILITY STANDARDS. HE WAS NOT SURE IF 10 BILLION YEN FIGURE, WHICH IS MORE THAN DOUBLE CURRENT ANNUAL AID, REFERRED TO AN ANNUAL COMMITMENT. ON DEBT RELIEF, HE SAID THE GOJ IS NOT ENTHUSIASTIC ABOUT CONVERTING PRE-VIOUS LOANS TO GRANTS AND THAT A REFERENCE TO DEBT RELIEF SUGGESTED BY THE BANGLADESHI IN THE DRAFT OF THE JOINT COMMUNIQUE WAS DELETED AT THE GOJ'S REQUEST.
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